



DAILY NEWSWATCH

MARKET REVIEW

The FBM KLCI rose on bargain-hunting activities despite a decline in the broader market. Market breadth was negative with 556 losers versus 392 gainers. The energy sector was the top percentage loser falling by 1.43% amid the recent pullback in crude oil prices, while the financial services sector was the top percentage gainer increasing by 1.18%. Nestle (Malaysia) Berhad (4707) surged by RM6.80 or 5.11%. The FBM KLCI rose by 0.94% to 1,472.77.

We expect Malaysian stocks to decline following steep losses on Wall Street overnight as investors fear that the Fed rate hikes could lead to a recession in the US economy.

ECONOMICS

- **European gas surges** as Russian cuts escalate energy crisis
- **Tengku Zafrul: Fed's rate hike expected**, impact on Malaysia depends on global economic health

COMPANY

- **CTOS (5301)** to make general offer to remaining shareholders of RAM, says may achieve controlling stake
- **Kelington (0151)** bags contract worth RM114m to build semiconductor manufacturing facility
- **OM Holdings (5298)** commences manganese drilling in Australia
- **Poh Kong (5080)** 3Q net profit rises 15% on higher retail gold prices
- **Ta Win (7097)** to dispose of 32.5% stake in Royce Pharma for RM20.85m to refocus on copper business

EXPRESSO FOR THE DAY

- **Technical Watch – Hong Leong Industries Bhd (3301)** – Entry Price RM8.86, Target Price RM9.75, Stop Loss RM7.58, Support RM8.42, Resistance RM9.26
- **Technical Watch – Choo Bee Metal Industries Berhad (5797)** – Entry Price RM2.21, Target Price RM2.01, Stop Loss RM1.72, Support RM1.91, Resistance RM2.15

Local	Close	(%)
FBMKLCI	1,472.77	0.9
Volume (mil)	2,476	2.1
Value (RM'mil)	1,840	1.0
Gainers	392	
Losers	556	
Unchanged	412	
Foreign		(%)
Dow Jones	29,927.1	(2.4)
Nasdaq CI	10,646.1	(4.1)
S&P 500	3,666.8	(3.3)
FTSE 100	7,045.0	(3.1)
Nikkei 225	26,431.2	0.4
Shanghai CI	3,285.4	(0.6)
HSI	20,845.4	(2.2)
STI	3,097.4	(0.3)
Most Active	RM	Chg
TOPGLOV	0.975	(0.035)
HSI-CQW	0.215	(0.050)
BCMALL	0.030	0.005
YONGTAI	0.085	0.000
HSI-HA8	0.375	0.100
Top Gainer	RM	Chg
NESTLE	140.000	6.800
PEIDAG	21.140	0.740
HLEFG	19.100	0.480
PEIGAS	16.580	0.340
HAPSENG	7.480	0.310
Top Loser	RM	Chg
BJFOOD	4.370	(0.310)
BKAWAN	23.740	(0.300)
CHINTEK	9.650	(0.280)
CARLSBG	22.340	(0.260)
HENGYUAN	4.860	(0.190)
Other Stats		(%)
USD/MYR	4.40	(0.23)
USD/RMB	6.70	(0.16)
Brent (USD/barrel)	119.81	1.10
Gold (USD/troy oz)	1,857.33	1.28
CPO (RM/metric t)	5,697.5	(3.67)

**DAILY NEWSWATCH****ECONOMICS**

European gas prices surged as Moscow tightened its squeeze on crucial gas flows to the continent, forcing consumer nations to confront the prospect of keeping their economies running without Russian gas. (The Edge)

The US Federal Reserve's latest decision to hike its benchmark interest rate by 75 basis points was an expected move, according to Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz, and the anticipation now is that the US economy will still grow, but at a slower pace. (The Edge)

COMPANY

CTOS Digital Bhd (5301) has said it will be making a general offer to all remaining shareholders of RAM Holdings Bhd, in which it owns a 19.23% stake currently. In a statement, it said based on preliminary feedback, whilst CTOS may control more than 51% of RAM, many large shareholders are expected to remain. (The Edge)

Kelington Group Bhd (0151) has secured a contract worth RM114m to build a semiconductor manufacturing building. In a bourse filing on Thursday (June 16), Kelington Group Bhd said its unit Kelington Technologies Sdn Bhd on June 15 entered into a construction contract with a Franco-Italian multinational electronics and semiconductor manufacturer to design and build a new manufacturing building comprising a manufacturing (plating) area, mechanical and electrical utility plant, and a multistorey carpark for the existing plant in Johor. (The Edge)

OM Holdings Ltd (5298), in a joint venture with Perth-based mineral exploration firm Bryah Resources Ltd, said it has commenced drilling for manganese at its Bryah Basin project in Western Australia. (The Edge)

Poh Kong Holdings Bhd's (5080) net profit for 3QFY22 rose 14.85% to RM27.59m from RM24.02m a year prior, due to improved margins on the back of higher retail gold prices. (The Edge)

Ta Win Holdings Bhd (7097) is disposing of its 32.5% stake or 3.9 million shares in pharmaceutical products manufacturer and distributor Royce Pharma Manufacturing Sdn Bhd for RM20.85m. (The Edge)



Hong Leong Industries Berhad

Technical Watch - "BUY on Potential Reversal"

Bloomberg: HLI MK | KLSE Stock Code: 3301

Main Market
Consumer Products & Services
Subsector – Automotive

Current Price: RM8.86

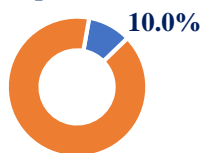
Target Price: RM9.75

Investment Highlights

On a downtrend, the stock is currently trading below the MA20. We think there is a potential reversal supported by a tweezer bottom, and a rising momentum on the stock (RSI > 30).

With higher volatility as seen from an expanding bollinger band, we think that prices could potentially trade with higher downside risk moving forward. Trading within the 2SD, we project a 10% upside to the current price, expect EMA and SMA to crossover moving forward.

Potential Upside



Bloomberg Analyst Ratings



Buy: 0

Hold: 0

Sell: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	12.5	12.5	9.6
P/B	1.4	1.6	1.3
P/CF	13.2	8.6	6.9
P/S	1.1	1.0	0.8

*CF – Cashflow per share, S – Sales per share

Company Overview

Hong Leong Industries Berhad is an investment holding company. Through its subsidiaries, the Company manufactures and distributes ceramic tiles. Hong Leong also assembles and distributes motorcycles and spare parts, and markets semiconductor devices and electronic components. The Company also manages and leases properties.



Ronnie Tan

ronnie-tan@mersec.com.my

Entry Price	RM8.86
Market Cap (m)	RM2,830.5
52w high	RM9.90
52w low	RM8.67
Stop Loss	RM7.58
Immediate Support	RM8.42
Immediate Resistance	RM9.26 (Previous high)
Moving Average (EMA)	Bearish
Moving Average (SMA)	Bearish
Bollinger Bands (Long Run)	More volatile over the long run
RSI	Rising Momentum
Volume (4-Weeks Average)	105,826.6



Choo Bee Metal Industries Berhad

Technical Watch - "BUY on Potential Reversal"

Bloomberg: CBEE MK | KLSE Stock Code: 5797

Main Market
Industrial Products & Services
Subsector – Metal

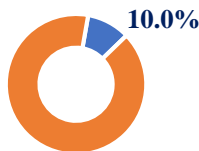
Current Price: RM2.01
Target Price: RM2.21

Investment Highlights

On a downtrend, the stock is currently trading below the MA20. We think that there is a potential reversal supported by an inverted hammer coupled with a rising momentum on the stock (RSI > 30).

With higher volatility as seen from an expanding bollinger band, we think that prices could potentially trade with higher downside risk. Trading within 2SD, we project a 10% upside to the current price, expect EMA and SMA to crossover moving forward.

Potential Upside



Bloomberg Analyst Ratings



Buys: 0
Holds: 1
Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	20.7	17.4	14.5
P/BV	0.4	0.4	0.4
P/CF	26.0	15.1	22.9
P/S	0.5	0.5	0.4

*CF – Cashflow per share, S – Sales per share

Company Overview

Choo Bee Metal Industries Berhad manufactures steel products. The Company offers welded, galvanized, carbon, tube, window, conduit, decor, and string pipes, as well as angles, bars, beams, channels, hollow sections, plates, purlins, rails, sheet piles, and wire mesh products. Choo Bee Metal Industries serves customers in Malaysia.



Ronnie Tan
ronnie-tan@mersec.com.my

Entry Price	RM2.01
Market Cap (m)	RM262.8
52w high	RM2.41
52w low	RM1.67
Stop Loss	RM1.72
Immediate Support	RM1.91
Immediate Resistance	RM2.15 (Previous high)
Moving Average (EMA)	Bearish
Moving Average (SMA)	Bearish
Bollinger Bands (Long Run)	More volatile over the long run
RSI	Rising Momentum
Volume (4-Weeks Average)	433,073.8



TECHNICAL ANALYSIS SCOREBOARD

Recommendation Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
19/5/2022	GentingBhd	3182	4.620	4.610	3.950	5.080	-1.3	-0.2	-
19/5/2022	Penta	7160	3.690	3.600	3.150	4.060	0.8	-2.4	-
20/5/2022	GentingBhd	3182	4.880	4.610	4.650	5.350	-1.3	-5.5	SL Triggered
20/5/2022	Hengyuan	4324	7.230	4.880	6.180	7.950	-3.4	-32.5	SL Triggered
23/5/2022	Caely	7154	0.410	0.390	0.350	0.450	-8.2	-4.9	-
23/5/2022	Flbhd	5197	1.520	1.250	1.300	1.670	-2.3	-17.8	SL Triggered
24/5/2022	GentingBhd	3182	4.900	4.610	4.190	5.390	-1.3	-5.9	-
24/5/2022	GOB	1147	0.310	0.310	0.260	0.340	1.6	0.0	SL Triggered
25/5/2022	Tambun	5191	1.020	0.860	0.870	1.120	-0.6	-15.7	SL Triggered
25/5/2022	SCGM	7247	2.400	2.290	2.050	2.640	0.0	-4.6	-
26/5/2022	Genetec	0104	2.390	2.050	2.040	2.630	-1.0	-14.2	-
26/5/2022	Bumi	5210	0.440	0.420	0.380	0.480	0.0	-4.5	-
27/5/2022	Choobee	5797	2.360	2.010	2.020	2.600	1.0	-14.8	SL Triggered
27/5/2022	EPMB	7773	1.100	0.965	0.940	1.210	0.0	-12.3	-
30/5/2022	Jag	0024	0.390	0.345	0.320	0.430	0.0	-11.5	-
30/5/2022	Padini	7052	3.200	3.290	2.800	3.520	0.3	2.8	-
31/5/2022	Hexind	0161	0.320	0.350	0.270	0.350	1.4	9.4	-
31/5/2022	Myeg	0138	0.890	0.875	0.760	0.980	2.3	-1.7	-
1/6/2022	PIE	7095	3.050	3.110	2.610	3.360	-0.3	2.0	-
1/6/2022	Hextar	5151	1.670	1.560	1.430	1.840	-0.6	-6.6	-
2/6/2022	GentingBhd	3182	5.200	4.610	4.450	5.720	-1.3	-11.3	-
2/6/2022	Scientex	4731	3.710	3.560	3.170	4.080	-0.6	-4.0	-
3/6/2022	Guan	5102	2.610	2.470	2.219	2.880	-2.6	-5.4	-
3/6/2022	Inari	0166	2.810	2.630	2.400	3.090	0.8	-6.4	-
7/6/2022	Sedania	0178	0.460	0.385	0.390	0.500	-7.2	-16.3	SL Triggered
7/6/2022	Jtiasa	4383	0.760	0.680	0.650	0.830	0.7	-10.5	-
8/6/2022	AEON	6599	1.530	1.450	1.310	1.680	0.7	-5.2	-
8/6/2022	Bonia	9288	2.700	2.510	2.310	2.870	0.8	-7.0	-
9/6/2022	F&N	3689	22.550	20.100	17.530	20.500	-0.1	-10.9	-
9/6/2022	PIE	7095	3.700	3.110	2.870	3.360	-0.3	-15.9	-
10/6/2022	Westports	5246	3.650	3.600	3.120	4.020	2.9	-1.4	-
10/6/2022	KFIMA	6491	2.810	2.540	2.400	3.090	0.0	-9.6	-
13/6/2022	DUFU	7233	2.860	2.730	2.450	3.150	0.7	-4.5	-
13/6/2022	MISC	3816	7.150	7.220	6.110	7.870	2.0	1.0	-
14/6/2022	PublicBank	1295	4.480	4.530	3.830	4.930	1.1	1.1	-
14/6/2022	IOICORP	1961	4.060	3.980	3.470	4.470	-2.5	-2.0	-
15/6/2022	ToyoVen	7173	0.550	0.610	0.470	0.610	9.9	10.9	TP Achieved
15/6/2022	FarmFresh	5306	1.600	1.590	1.370	1.760	-0.6	-0.6	-
16/6/2022	ToyoVen	3301	8.860	8.860	7.580	9.750	0.7	0.0	-
16/6/2022	FarmFresh	5797	2.010	2.010	1.720	2.210	1.0	0.0	-

*TP=Target Price

**STOCK SELECTION BASED ON DIVIDEND YIELD**

Company	Sector	Price RM	Dividend / Share RM	Dividend Yield (%)
AmFirst REIT	REIT	0.380	0.04	10.2
SHL Consolidated Bhd	Property	1.850	0.18	9.7
British American Tobacco Malay	Consumer	11.660	0.89	7.7
Pharmaniaga Bhd	Consumer	0.610	0.05	7.5
UOA REIT	REIT	1.160	0.09	7.4
Al-'Aqar Healthcare REIT	REIT	1.190	0.09	7.3
Amanahraya REIT	REIT	0.640	0.04	6.9
Uchi Technologies Bhd	Industrial	3.040	0.20	6.6
Malayan Banking Bhd	Finance	8.700	0.56	6.4
Tambun Indah Land Bhd	Property	0.855	0.05	6.2
Magnum Bhd	Consumer	1.670	0.10	6.1
Malaysia Building Society Bhd	Finance	0.580	0.04	6.0
Capitaland Malaysia Trust	REIT	0.565	0.03	6.0
Matrix Concepts Holdings Bhd	Property	2.380	0.14	6.0
Hong Leong Industries Bhd	Industrial	8.860	0.52	5.9

Source: Bloomberg

User guide: Mercury Securities compile a list of **dividend stocks** for conservative long term passive investors looking for regular income while keeping the investment intact.

Methodology: The list below is made up of stocks that pay high dividend (Estimate dividend yield >4%) and paying dividend consistently (Paid dividend for the last 3 years)



SECTORIAL VALUATION

The chart below depicts the performance of the respective KLCI sectors over a five-year period including the current and forward P/E. The sector’s performance is ranked against each other based on absolute returns for that particular year. The user can track the historical performance of respective sectors and notice that the technology sector is the best performing sector over a five-year period between 2016 and 2020 with a compound annual growth rate. The user will also be able to identify sector value based on the current P/E and the corresponding 5-year high, low and average P/E. For example, finance sector PE is currently at 11.4 times against 5-year average P/E of 12.2 times, suggesting financials valuation is in line with the average of 12.2 times.

Index	Return (%)	Valuation P/E (X)					
		YTD	5 - Years			Current	1 Yr – Fwd
			High	Low	Avg		
KLCI	(6.2)	21.3	14.7	17.4	14.7	12.7	
Finance	4.9	13.0	11.5	12.4	12.6	9.8	
Property	(8.3)	13.8	11.2	12.3	12.5	9.8	
Plantation	13.1	94.6	9.5	43.5	9.5	13.7	
Consumer	(3.0)	25.6	11.8	21.4	11.8	16.7	
Technology	(33.3)	29.8	19.1	24.2	21.8	20.6	
Construction	0.8	22.2	14.6	18.1	14.6	11.3	
Energy	5.9	-	-	-	10.7	9.4	
Health care	(27.0)	52.6	8.7	30.6	8.7	21.7	
Ind Prod	(6.7)	38.6	10.4	23.7	10.4	11.4	
REIT	1.3	-	-	-	27.4	16.1	
Telco	(12.2)	25.1	22.2	23.6	22.2	16.4	
Transportations	(4.4)	-	-	-	-	16.0	
Utilities	(4.0)	-	-	-	14.5	12.3	

Source: Bloomberg



Disclaimers

This report is prepared primarily for the use of Mercury Securities' clients in Malaysia and not for publication purposes, notwithstanding its public dissemination via external financial information providers such as Bloomberg LP. This report should not be reproduced, altered in any way, transmitted to, copied, or distributed to any other party in whole or in part in any form or manner without the prior express written consent of Mercury Securities. Mercury Securities, companies and individuals related to it accept no liability whatsoever for the actions of third parties in this respect.

This research report is prepared for general circulation and for information purposes, only and under no circumstances, should it be considered or intended as an offer to sell or a solicitation of an offer to buy the stocks or securities referred to in the report. Investors should note that the price, values or fundamentals of any securities may fluctuate over time. Past performance of any securities may not be an accurate guide to its future performance.

This report is not intended to provide personal investment advice and does not take into account the investment objectives, financial situation and risk appetite of persons who may receive or read this report. Investors are advised to trade at their own absolute discretion, and to seek financial, legal and other pertinent professional advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report.

Any information, views, opinions, recommendations, and advice in this report are given in good faith but without any legal responsibility or liability to Mercury Securities and connected parties. Information contained in this report has been obtained from public sources believed to be reliable, but such sources are not independently verified by Mercury Securities and consequently no representation is made as to the accuracy or completeness of this information, and it should not be relied upon as such. The views, recommendations and opinions in this research report are our own as of the date hereof and are subject to change without prior notice.

Mercury Securities expressly disclaims any obligation to update or revise any views, recommendations, forward looking statements, and forecasts in a timely manner to reflect new information, events, or circumstances after the date of this report publication or to reflect the occurrence of unanticipated events. Our views and recommendations are based on our own analysis of publicly available information. A subject company's fundamentals and prospects are subject to various risks and uncertainties that could cause its actual performance to differ from our opinion.

As such, Mercury Securities and its directors, officers, associates, connected parties and employees shall not be liable for any direct, indirect, or consequential losses or damages that may arise from the use of or reliance on this research report.

Disclosures

Mercury Securities Sdn Bhd Registration No. 198401000672 (113193-W) is a Participating Organisation of Bursa Malaysia Securities Berhad and a principal holding a Capital Markets Services Licence ("CMSL") issued by the Securities Commission ("SC") of Malaysia. Its research analysts hold a Capital Markets Services Representative's Licence ("CMSRL"). Principals holding a CMSL and representatives holding a CMSRL are regulated by SC in accordance with the Capital Markets and Services Act 2007 ("CMSA").

Mercury Securities, companies or individuals connected with it may have used research material before publication and may have positions in or may be materially interested in any stocks or securities in the markets mentioned. Some of the subject companies covered by Mercury Securities for research purposes may be a client of Mercury Securities in the past, current or may be a potential client in the future. Possible business dealings may include, but is not limited to share trading, market making, underwriting, corporate finance and corporate advisory services.

Published and printed by:

MERCURY SECURITIES SDN BHD

Registration No. 198401000672 (113193-W)

L-7-2, No 2, Jalan Solaris, Solaris Mont' Kiara, 50480 Kuala Lumpur

Telephone: (603) - 6203 7227 Website: www.mercurysecurities.com.my

Email: mercurykl@mersec.com.my
